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9 Attorneys for USACM Liquidating Trust

7 **UNITED STATES BANKRUPTCY COURT**
8 **DISTRICT OF NEVADA**

9 **In re:**

10 **USA Commercial Mortgage Company**
11 **06-10725 – Lead Case**

Case No. BK-S-06-10725-LBR
Case No. BK-S-06-10726-LBR
Case No. BK-S-06-10727-LBR
Case No. BK-S-06-10728-LBR
Case No. BK-S-06-10729-LBR

12 **USA Capital Realty Advisors, LLC**
13 **06-10726**

CHAPTER 11

14 **USA Capital Diversified Trust Deed Fund,**
15 **LLC**
16 **06-10727**

Jointly Administered Under Case
No. BK-S-06-10725-LBR

17 **USA Capital First Trust Deed Fund, LLC**
18 **06-10728**

**RESPONSE OF THE USACM
LIQUIDATING TRUST TO PENDING
FEE APPLICATIONS**

19 **USA Securities, LLC**
20 **06-10729**

Debtors.

Date: June 22, 2007
Time: 9:30 a.m.

Affecting:

× All Cases

or Only:

- .. USA Commercial Mortgage Company
- .. USA Capital Realty Advisors, LLC
- .. USA Capital Diversified Trust Deed Fund, LLC
- .. USA Capital First Trust Deed Fund, LLC
- .. USA Securities, LLC

21 The USACM Liquidating Trust, as post-confirmation successor to USA
22 Commercial Mortgage Company, hereby advises the Court pursuant to its request at the
23 hearing conducted on May 31, 2007, with respect to the pending fee applications:

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1 **Mesirow Financial Interim Management**

2 The Trust extensively analyzed the application for compensation filed by Mesirow
3 Financial Interim Management, LLC. A number of areas of concern were raised during
4 the review of the application. The Trust immediately sought to engage the other post-
5 confirmation constituencies and Mesirow in a constructive dialogue to avoid the
6 extraordinary expense and delay involved in prosecution of objections to Mesirow's fee
7 application. At the same time, the Trust had its professionals research the facts and law
8 and draft an objection to the application so that the details of the concerns could be
9 addressed with specificity. Geoffrey L. Berman, Trustee of the USACM Trust, personally
10 took these concerns to creditor constituencies and then took the consensus of the creditors
11 to Mesirow, in a sincere effort to resolve the necessity of filing an objection. The parties
12 agreed to continue the deadline for objections to fees, and Mesirow and Mr. Berman met
13 personally in Los Angeles and New York, and was involved in a number of telephone
14 conferences, ultimately reaching a proposed settlement. That compromise is reflected in
15 Mesirow's supplement filed on June 6, 2007 at Docket No. 3902. The Trust believes that
16 the compromise reached effectively addresses each of the concerns noted above, as well as
17 other areas.

18 **Other Professionals**

19 The Trust reviewed independently the final fee applications of Ray Quinney &
20 Nebeker, P.C., Schwartzer & McPherson, and Kirkpatrick & Lockhart, Preston Gates Ellis
21 LLP. These professionals employed by USACM seek compensation from the USACM
22 estate. The Trust also reviewed the application of Gordon & Silver, which is paid from the
23 USACM estate. The Trust is satisfied that the 2% fee reduction negotiated with the
24 assistance of, among others, the office of the United States Trustee, along with RQN's
25 withdrawal of its request for a fee enhancement, addresses the concerns that the Trust
26 found in those applications.

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The concessions offered by all the professionals in these cases provide significant, tangible benefit to the creditors of the various estates, as set forth in the following table:

Firm	Original Application Fees	Amended Application Fees	Original Application Expenses	Amended Application Expenses	Reduction
Mesirow Financial Interim Management	\$13,889,203.09	\$10,478,066.84	\$1,117,168.74	\$892,168.74	\$3,636,136.25
Ray Quinney & Nebeker	3,679,202.52	3,605,618.47	234,862.68	234,862.68	73,584.05
Schwartz & McPherson	1,087,736.00 ¹	1,065,981.28 ²	34,273.68	34,273.68	21,754.72
Lewis and Roca	1,211,494.25	1,187,264.36	121,909.15	121,909.15	24,229.89
Sierra Consulting	367,984.50	360,624.81	8,241.05	8,241.05	7,359.69
Stutman, Treister & Glatt, P.C.	2,159,529.95	2,116,339.35	92,573.35	92,573.35	43,190.60
Shea & Carlyon	762,221.65	746,977.31	19,603.31	19,603.31	15,244.44
Alvarez & Marsal	645,012.51	632,112.26 ³	15,779.80	15,779.80	12,900.25 ⁴
Orrick Herrington	2,228,780.60	2,184,204.90	42,914.58	42,914.58	44,575.61
Beckley Singleton	458,344.87	449,177.97	65,469.83	65,469.83	9,166.90
FTI Consulting	1,613,380.50	1,581,112.89	30,951.02	30,951.02	32,267.61
Gordon & Silver	1,028,068.75	1,007,507.38	14,637.62	14,637.62	20,561.37
Kirkpatrick & Lockhart	22,283.00	22,283.00	247.69	247.69	0
KMPG	94,374.00	94,374.00			0
TOTAL	29,247,616.19	25,531,644.82	\$1,798,632.50	\$1,557,852.70	\$3,940,971.38

The Trust took seriously the Court's request that the Court be advised that the parties independently reviewed the fee applications. The Trust assures the Court that it did

¹ This amount excludes sums paid through the interpleader.

² Assumes 2% reduction, although Debtors' local counsel's offer on this point is qualified, as follows, "assuming that all professionals for the Committees and the Debtors agree to a reduction of 2%". Schwartzer & McPherson Supplement, Docket 3913, at 7.

³ Assumes 2% reduction, although no reduction on file.

⁴ Assumes 2% reduction, although no reduction on file.

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1 review the fee applications, albeit in an efficient manner.⁵ We welcome the Court's
2 comments or questions.

3 Dated June 18, 2007.

4 **LEWIS AND ROCA LLP**

5 By /s/ RC (#006593)

6 Susan M. Freeman, AZ 4199 (pro hac vice)

7 Rob Charles, NV 6593

8 *Attorneys for USACM Liquidating Trust*

23 ⁵ The Trust spent in excess of 125 hours of DSI time in reviewing the professionals' fee
24 applications and in negotiating the Mesirow compromise. The Trust incurred about 180
25 hours of Lewis and Roca time reviewing the fee applications and preparing the Mesirow
26 objection. The Trust incurred additional time with Diamond McCarthy attorneys
identifying issues concerning Mesirow's performance. The Trust believes that all of this
expense was well justified in the savings to creditors of all of the estates, both in actual
dollars being withdrawn from consideration for payment and the cost of the professionals
not spent in filing and arguing the objections had such been filed.

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1 Proof of Service

2 COPY of the foregoing served via email where an email address is listed, and if no email
3 address is listed, by first class mail, postage prepaid, on June 18, 2007, addressed to Post
Effective Official Service List for Limited Notice No. 2 Dated June 1, 2007, and to the
following interested parties:

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20 Lewis and Roca

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